

107TH CONGRESS
1ST SESSION

H. R. 3500

To amend the Internal Revenue Code of 1986 to provide income and employment tax relief for military and civilian victims of terroristic or military action.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 13, 2001

Mr. SMITH of New Jersey introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide income and employment tax relief for military and civilian victims of terroristic or military action.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Military and Civilian
5 Victims Payroll Tax Relief Act of 2001”.

1 **SEC. 2. INCOME AND EMPLOYMENT TAXES OF MEMBERS OF**
2 **THE ARMED FORCES AND VICTIMS OF TER-**
3 **RORISTIC OR MILITARY ACTIONS.**

4 (a) INDIVIDUALS DYING AS A RESULT OF TERROR-
5 ISTIC OR MILITARY ACTIONS.—Section 692 of the Inter-
6 nal Revenue Code of 1986 (relating to income taxes of
7 members of Armed Forces on death) amended by adding
8 at the end the following new subsection:

9 “(d) INDIVIDUALS DYING AS A RESULT OF TERROR-
10 ISTIC OR MILITARY ACTIONS.—

11 “(1) IN GENERAL.—In the case of any indi-
12 vidual who dies as a result of wounds, injury, or ill-
13 ness incurred as a result of terroristic or military ac-
14 tion (other than a death to which subsection (a) or
15 (c) applies), any tax imposed by this subtitle shall
16 not apply—

17 “(A) with respect to the taxable year in
18 which falls the date of such individual’s death,
19 and

20 “(B) with respect to any prior taxable year
21 in the period beginning with the last taxable
22 year ending before the taxable year in which the
23 wounds, injury, or illness were incurred.

24 “(2) EXCEPTIONS.—

25 “(A) TAXATION OF CERTAIN BENEFITS.—
26 Subject to such rules as the Secretary may pre-

1 scribe, paragraph (1) shall not apply to the
2 amount of any tax imposed by this subtitle
3 which would be computed by only taking into
4 account the items of income, gain, or other
5 amounts attributable to—

6 “(i) amounts payable in the taxable
7 year by reason of the death of an indi-
8 vidual described in paragraph (1) which
9 would have been payable in such taxable
10 year if the death had occurred by reason of
11 an event other than an event described in
12 paragraph (1), or

13 “(ii) amounts payable in the taxable
14 year which would not have been payable in
15 such taxable year but for an action taken
16 after the date of the applicable terrorist at-
17 tack.

18 “(B) NO RELIEF FOR PERPETRATORS.—
19 Paragraph (1) shall not apply with respect to
20 any individual identified by the Attorney Gen-
21 eral to have been a participant or conspirator in
22 any event described in paragraph (1) or a rep-
23 resentative of such individual.

24 “(3) TERRORISTIC OR MILITARY ACTION.—For
25 purposes of this subsection, the term ‘terroristic or

1 military action’ has the meaning given to such term
2 by subsection (c)(2). Such term includes the ter-
3 rorist attacks against the United States on April 19,
4 1995, September 11, 2001, and the terrorist attack
5 involving anthrax occurring on or after September
6 11, 2001, and before January 1, 2002.”.

7 (b) REFUND OF OTHER TAXES PAID.—Section 692
8 of such Code, as amended by subsection (a), is amended
9 by adding at the end the following new subsection:

10 “(e) REFUND OF EMPLOYMENT TAXES PAID.—In
11 determining the amount of tax under this section to be
12 credited or refunded as an overpayment with respect to
13 any individual for any period, such amount shall be in-
14 creased by an amount equal to the amount of taxes im-
15 posed and collected under chapter 21 and sections
16 3201(a), 3211(a)(1), and 3221(a) with respect to such in-
17 dividual for such period.”.

18 (c) CONFORMING AMENDMENTS.—

19 (1) Section 5(b)(1) is amended by inserting
20 “and victims of certain terrorist attacks” before “on
21 death”.

22 (2) Section 6013(f)(2)(B) is amended by insert-
23 ing “and victims of certain terrorist attacks” before
24 “on death”.

25 (d) CLERICAL AMENDMENTS.—

1 (1) The heading of section 692 is amended to
2 read as follows:

3 **“SEC. 692. INCOME AND EMPLOYMENT TAXES OF MEMBERS**
4 **OF ARMED FORCES AND VICTIMS OF TER-**
5 **RORIST ATTACKS ON DEATH.”.**

6 (2) The item relating to section 692 in the table
7 of sections for part II of subchapter J of chapter 1
8 is amended to read as follows:

“Sec. 692. Income and employment taxes of members of Armed
Forces and victims of terrorist attacks on death.”.

9 (e) EFFECTIVE DATE; WAIVER OF LIMITATIONS.—

10 (1) EFFECTIVE DATE.—The amendments made
11 by this section shall apply to taxable years ending
12 before, on, or after September 11, 2001.

13 (2) WAIVER OF LIMITATIONS.—If refund or
14 credit of any overpayment of tax resulting from the
15 amendments made by this section is prevented at
16 any time before the close of the 1-year period begin-
17 ning on the date of the enactment of this Act by the
18 operation of any law or rule of law (including res ju-
19 dicata), such refund or credit may nevertheless be
20 made or allowed if claim therefor is filed before the
21 close of such period.

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